

AMENDED IN ASSEMBLY APRIL 18, 2007

AMENDED IN ASSEMBLY MARCH 26, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 150

Introduced by Assembly Member Lieu
(Coauthors: Assembly Members Dymally and Hancock)

January 17, 2007

An act to add Chapter 13.5 (commencing with Section 52980) to Part 28 of Division 4 of Title 2 of the Education Code, relating to financial literacy.

LEGISLATIVE COUNSEL'S DIGEST

AB 150, as amended, Lieu. California Financial Literacy Initiative.

The California Constitution requires the Legislature to encourage the promotion of intellectual improvement. Existing law regulates financial institutions and their interactions with the public. Existing law recognizes the existence of specialized financial institutions that provide services, including, but not limited to, financial literacy training, to underserved communities. Existing law requires, after January 1, 2003, and concurrently with, but not prior to, the next revision of textbooks or curriculum frameworks in the social sciences, health, and mathematics curricula, that the State Board of Education ensure that these academic areas integrate specified components, including financial preparedness.

This bill would establish the California Financial Literacy Initiative for the purpose of improving financial literacy by offering materials for teachers and schools to provide high-quality financial literacy education for pupils in kindergarten and grades 1 to 12, inclusive. The initiative would be administered by the California Financial Literacy

Council that would be established within the State Department of Education and that would consist of representatives of the department, the office of the Treasurer, *the Department of Corporations*, the Department of Financial Institutions, and the office of the Controller. The council would be required to oversee the initiative and, among other things, to provide a clearinghouse of financial literacy resources and materials to be made available for schools and teachers.

~~The council would be authorized~~ *bill would authorize the council* to report biennially by January 1, with the first report being presented by January 1, 2010, to the Legislature on activities and progress, including recommendations for changes to the initiative and results of evaluations of the initiative.

~~The bill would establish the~~ Financial Literacy and Education Fund ~~would be established, to be administered by the council, in the State Treasury and would be administered by the council.~~ The council would be authorized to accept gifts, bequests, devises, and grants from individuals and nonprofit organizations made for the purpose of furthering the goals of the initiative and any funds appropriated in the annual Budget Act or another act for that purpose for deposit in the fund. Funding provided from the fund, including any grants made by the council, would be required to be used to supplement and augment, but not take the place of, services provided by local, state, or federal agencies.

The bill would require specified state agencies to use their resources to support, as appropriate, the goals of the initiative and the long-term plans of the initiative, and to ensure that relevant planning documents or processes of those agencies are consistent with, and supportive of, financial literacy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Chapter 13.5 (commencing with Section 52980)
- 2 is added to Part 28 of Division 4 of Title 2 of the Education Code,
- 3 to read:

1 CHAPTER 13.5. CALIFORNIA FINANCIAL LITERACY INITIATIVE

2
3 52980. (a) The Legislature finds and declares all of the
4 following:

5 (1) The average American household consumer credit *card* debt
6 is about eight thousand dollars (\$8,000).

7 (2) Forty-three percent of American families spend more than
8 they earn and data from the Federal Reserve states that Americans
9 hold a total debt of \$1.9773 trillion, not including mortgage debt,
10 averaging eighteen thousand six hundred fifty-four dollars
11 (\$18,654) per household.

12 (3) High school seniors taking part in a national survey of
13 financial knowledge scored an average of 52.4 percent, which is
14 a failing grade.

15 (4) Undergraduate students reported their freshman year as the
16 most prevalent time for obtaining credit cards, with 56 percent
17 reporting that they obtained their first *credit* card at 18 years of
18 age.

19 (5) Almost 24 percent of undergraduate students reported using
20 credit cards for tuition.

21 (6) Financial literacy training may be easily integrated as a
22 valuable component for elementary and secondary schools, colleges
23 and universities, libraries, community groups, and citizen town
24 hall meetings.

25 (7) Many groups are dedicated to increasing the financial literacy
26 of Americans and a broad range of quality personal finance
27 instructional materials and curricula have been created for this
28 purpose.

29 (8) California does not have an official statewide policy or
30 educational plan for the teaching of financial literacy.

31 (9) Financial literacy materials and resources—~~exists~~ *exist* in
32 many forms but are not organized or collected in a systematic
33 manner.

34 (10) The teaching of financial literacy skills is vital to equip the
35 young people of California with the tools they need to enter the
36 financial marketplace.

37 (b) It is the intent of the Legislature to establish the California
38 Financial Literacy Initiative as a statewide policy on financial
39 literacy and to provide a central clearinghouse for financial literacy
40 resources and materials. Furthermore, it is the intent of the

1 Legislature that the methods and manner in which individual school
2 districts teach financial literacy shall be as flexible as possible,
3 while ensuring that the specific goals of the initiative are met.

4 52981. As used in this chapter, the following terms have the
5 following meanings:

6 (a) “Council” means the California Financial Literacy Council.

7 (b) “Initiative” means the California Financial Literacy Initiative.

8 52982. (a) The California Financial Literacy Initiative is hereby
9 established as a comprehensive, results-oriented program for
10 improving financial literacy by offering materials for teachers and
11 schools to provide high-quality financial literacy education for
12 pupils in kindergarten and grades 1 to 12, inclusive.

13 (b) The initiative shall be administered by the council established
14 pursuant to Section 52984.

15 52983. (a) The purpose of the initiative is to develop, promote,
16 and assist the efforts, at the state level, of public agencies and
17 entities, private providers of financial services, and other private
18 organizations and entities to collaborate and cooperate in order to
19 focus and intensify services, ensure the most efficient use of all
20 available resources, and eliminate duplication of efforts to serve
21 the financial literacy needs of pupils, teachers, and schools.

22 (b) The goals for the initiative are to accomplish all of the
23 following:

24 (1) Provide pupils in kindergarten and grades 1 to 12, inclusive,
25 with tools they will need after high school to manage their finances.

26 (2) Increase comprehensive services available to pupils, so
27 pupils have reduced risk for financial failure after high school.

28 (3) Promote high-quality programs that provide instruction on
29 pertinent financial literacy issues as determined by the department
30 and the office of the Treasurer.

31 52984. (a) (1) The California Financial Literacy Council is
32 established within the department.

33 (2) The council shall consist of representatives of the
34 department, the office of the Treasurer, *the Department of*
35 *Corporations*, the Department of Financial Institutions, and the
36 office of the Controller.

37 (b) The council shall oversee the initiative and shall do all of
38 the following:

39 (1) Provide a clearinghouse of financial literacy resources and
40 materials to be made available for schools and teachers.

1 (2) Coordinate and collaborate with financial intuitions, financial
2 services providers, and nonprofit community organizations in
3 collecting and distributing financial literacy materials.

4 (3) Organize financial literacy materials, to be made available
5 in a manner that ensures that materials are matched to the
6 appropriate grade level.

7 (4) Use the materials and resources to draft a comprehensive
8 curriculum and a set of teaching standards to be used if a school
9 district chooses to require the teaching of financial literacy.

10 52985. To carry out its duties, the council may do, but is not
11 limited to doing, all of the following:

12 (a) ~~Developing~~ *Develop* a comprehensive long-range initiative
13 for improving the financial literacy of pupils in kindergarten and
14 grades 1 to 12, inclusive.

15 (b) ~~Adopting regulations and establishing~~ *Adopt regulations*
16 *and establish* guidelines, policies, and procedures, for
17 implementation of the initiative.

18 (c) ~~Providing~~ *Provide* oversight on the implementation of the
19 initiative at the state and school district levels.

20 (d) ~~Establishing~~ *Establish* criteria and procedures for awarding
21 grants from the Financial Literacy and Education Fund established
22 pursuant to Section 52986.

23 (e) ~~Assessing and developing~~ *Assess and develop*
24 recommendations for increasing the efficiency and effectiveness
25 of financial literacy programs and funding and other programs and
26 funding sources as necessary to carry out the initiative, including
27 additional fiscal strategies, redeployment of state resources, and
28 development of new programs.

29 (f) ~~Establishing~~ *Establish* results-oriented measures and
30 objectives and ~~assessing~~ *assess* whether services provided are
31 meeting the goals and achieving the results established for the
32 initiative.

33 (g) ~~Receiving~~ *Receive* gifts, bequests, devises, and grants from
34 individuals and nonprofit organizations for deposit in the Financial
35 Literacy and Education Fund established pursuant to Section
36 52986.

37 (h) ~~Reporting~~ *Report* biennially by January 1, with the first
38 report being presented by January 1, 2010, to the Legislature on
39 activities and progress, including recommendations for changes
40 to the initiative and results of evaluations of the initiative.

1 52986. (a) In order to carry out this chapter, the Financial
2 Literacy and Education Fund is hereby established in the State
3 Treasury and shall be administered by the council.

4 (b) Moneys received by the council as specified in subdivision
5 (g) of Section 52985 for the purpose of furthering the goals of the
6 initiative, and any funds appropriated in the annual Budget Act or
7 another act for that purpose, shall be deposited in the fund.

8 (c) Moneys provided from the fund, including any grants made
9 by the council pursuant to subdivision (d) of Section ~~52895~~ 52985,
10 shall be used to supplement and augment, but not take the place
11 of, services provided by local, state, or federal agencies.

12 ~~52897.~~

13 52987. It is the intent of the Legislature that state agencies
14 involved in financial matters shall actively support the initiative.
15 State agencies in the executive branch of government, including
16 boards, commissions, and constitutional officers, shall use their
17 resources to support, as appropriate, the goals of the initiative and
18 the long-term plans of the initiative, and to ensure that relevant
19 planning documents or processes of those agencies are consistent
20 with, and supportive of, financial literacy.